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SPECIAL ESTIMATE

THE SIGNIFICANCE OF THE NEW INDONESIAN GOVERNMENT

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CENTRAL INTELLIGENCE AGENCY

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THE SIGNIFICANCE OF THE NEW INDONESIAN GOVERNMENT [1]

THE PROBLEM

To estimate the significance of the newly established government in Indonesia with particular reference to indications of probable future trends.

CONCLUSIONS

1. The Indonesian cabinet which took office on 1 August 1953 is more leftist than any preceding Indonesian government. Although there is no evidence to indicate that any of the ministers are subject to direct Communist discipline and control, eight important ministries of a total of 20 are held by individuals who will probably respond on many issues to Communist influence.

2. The new cabinet's program follows closely for the most part programs previously supported by more conservative elements in Parliament. We believe that the cabinet will proceed cautiously with its moderate program and will avoid the adoption of radical policies.

3. We believe that the present cabinet will remain in office for at least six months. However, as time passes, the tenure of the cabinet will become considerably more uncertain because:

a. The pro-Communist inclination of certain members of the cabinet and the tendency they will have to place their supporters in key positions in the bureaucracy, the armed forces, and the police will probably aid the anti-Communist opposition in its present efforts to solidify and may cause conservative members of groups now represented in the government to recognize more clearly the Communist danger.

b. The present cabinet must sooner or later cope with controversial issues such as economic problems, internal security, foreign policy, and army reorganization. In view of its slim majority in Parliament, the government will run the risk of incurring an adverse vote which would cause its fall any time it seeks to deal with these issues.

c. Either through inexperience or leftist pressure, the present government might not deal effectively with developing economic problems. Failure to halt adverse economic trends could cause the fall of the government.

[1] This estimate addresses itself solely to the significance of the Indonesian cabinet which took office on 1 August 1953. For an estimate of the general course of Indonesian developments, see NIE-77, "Probable Developments in Indonesia," which was published on 11 June 1953.

4. On the basis of present indications, we believe that the Communists will increase their influence in Indonesia as a result of the tenure of the present cabinet; we do not believe that during the next twelve months they will achieve a dominating position either through armed force or political action.[2]

DISCUSSION

Formation and Position of the New Cabinet

5. On 2 June 1953, the Indonesian cabinet resigned. This action was largely the result of an intensification of the political conflict between the two major Indonesian political parties, the Nationalist Party and the Masjumi, both of whom were represented in the cabinet. To help counter the popular strength of the Masjumi, the Nationalist Party had for some time cooperated with the Communist Party. On the other hand, the Masjumi, alarmed by this growing cooperation, sought to relegate the Nationalist Party to a less dominant position in the new cabinet. This struggle for power delayed the formation of a new Indonesian cabinet for nearly eight weeks, during which time the Nationalist Party sought to achieve a dominant role in the new government in order to enhance its political position before national elections were held.

6. The Nationalist Party won the struggle on 1 August when the President accepted a cabinet list headed by the Nationalist Party. More leftist than any preceding government, the cabinet is dependent on Communist votes for a Parliamentary majority. Eight important ministries of a total of 20 are held by individuals who will probably respond on many issues to Communist influence. However, there is no evidence to indicate that any of the ministers are subject to direct Communist discipline and control, and there are no known Communist Party members in the present cabinet. For the first time, an Indonesian cabinet does not include the Masjumi, the party with the most Parliamentary strength and the greatest public support.

7. The Prime Minister and the Ministers of Foreign Affairs, Economic Affairs, and Finance are members of the Nationalist Party. Except for Prime Minister Ali, all these ministers belong to the Party's left-wing. The Ministers of Defense, Finance, Labor, and Agriculture will probably be willing to work with the Communists on many issues. The Ministers of Foreign Affairs, Justice, Communications,[3] and Education will probably work with the Communists from time to time. However, the pro-Communist tendencies of these 8 cabinet members will be held somewhat in check by the Prime Minister and the other 11 members of the cabinet, who can exercise considerable influence by threatening to resign. Such resignations would probably cause the fall of the cabinet. Under these circumstances, there appears to be no immediate possibility that the Communists will attempt to use this cabinet to force adoption of radical policies.

8. The parties represented in the cabinet have a total of 92 votes out of 210 active Parliament members. Votes of the opposition parties — Masjumi, Socialist, Christian, Catholic, and Democratic — total 80. Eight out of 15 independent votes will probably go

[2] The Special Assistant for Intelligence, Department of State, considers both the scope of this estimate and the evidence presented insufficient to permit the assessment here made of Communist capabilities in Indonesia over a twelve-months' period. The Special Assistant considers the following assessment of Communist capabilities in Indonesia to be more in accord with the subject and scope of the present estimate:

As long as the present cabinet remains in power, the Communists will be in a position gradually to increase their influence. On the basis of present indications, the Communists are not likely to achieve a dominating position in Indonesia during the expected life of this cabinet, either through armed force or political action.

[3] Since IAC action on this estimate, Mr. Abikusno resigned as Minister of Communications.

to the government, giving the government parties 100 votes, 6 votes short of a majority. The Communist Party of Indonesia and the Communist-dominated labor federation (SOBSI) have already indicated that they will support the government with their 19 votes. Thus, the cabinet must rely on Communist support to win Parliamentary approval of any controversial measure. The Communists, while unable to insist on all measures which they may desire, probably will press for policies and conditions conducive to expanding their influence while avoiding any radical policy which might split the cabinet and cause it to fall. Parliamentary support for the cabinet is uncertain due to the lack of party discipline, although political opportunism and a desire to remain in control of the government may tend to tighten party obedience. It is quite possible that the opposition might gain sufficient votes to cause the government to fall.

Policies of the New Cabinet

9. The program announced by the new cabinet is similar to the programs of its predecessors. The program stresses domestic security, the importance of holding general elections, an economic policy based on the welfare of the common people, an independent foreign policy, and a revision of the relationship between Indonesia and the Netherlands.

10. First place in the government's program was given to a pledge to settle the internal security problem along military and political lines. The government's statement condemned all armed dissident groups and promised quick action so long as it had the support of the people. However, it is likely that only limited action will be taken against any armed dissident groups because: (a) an all-out campaign would cause further strain on the government's economic resources; (b) the question of whether or not to take drastic military action against the principal armed dissident group, Darul Islam, is an extremely controversial political and religious issue.

11. The program calls for the holding of general elections for Parliament and for a constituent assembly in accordance with the election law passed by Parliament in early 1953, and the government presented a timetable to enable the elections to be held by May 1955. In the meantime, attempts are likely to be made by various political parties to establish control of election machinery.

12. The cabinet's announced economic program provides little definite indication of the government's intentions. Little change is expected in agricultural policies. No definite statement was made regarding foreign investment or nationalization of estate or other foreign holdings, but the new government will probably follow a policy less favorable to foreign investors, particularly with respect to labor legislation. Certain government announcements indicate the possibility that the previous cabinet's stringent import regulations, designed to conserve foreign exchange, may be abandoned and that further privileges and further credit facilities may be made available to Indonesian businessmen. These policies could lead to a larger balance of payments deficit and to inflationary pressures.

13. The new government has indicated that it will in general follow the existing foreign policy but will give even greater emphasis to Indonesia's "independent" position. Stress has already been laid on the importance of establishing closer relations with the Soviet Bloc in order to counterbalance those now existing with the West. Arrangements will probably be made soon to open an embassy in Moscow, an action approved by the Parliament under the previous cabinet. Attempts will probably be made to increase trade with the Soviet Bloc, but significant results are not likely. Concerning US aid, the foreign minister has announced that the agreement to receive technical assistance will be continued but will be reviewed in order to determine how advantageous it is to Indonesia. Other foreign policy objectives are likely to be: (a) the negotiation of a bilateral treaty with Japan to supplant the San Francisco treaty which the Indonesians signed but did not ratify; (b) a revision of the relationship between the Netherlands and Indonesia, dis-

solving the Netherlands–Indonesian Union and replacing the existing Round Table Agreements of 1949 with normal international treaties; and (c) a renewal of demands that Western New Guinea become part of Indonesia.

Probable Developments

14. The new cabinet's program follows closely for the most part other programs previously supported by more conservative elements in Parliament. We believe that the cabinet will proceed cautiously with its moderate program and will avoid the adoption of radical policies. Its Parliamentary support is too uncertain to risk quick or decisive action on long-standing controversial issues, such as action against dissident groups, armed forces reorganization, and implementation of the election law.

a. An all-out attack on the Darul Islam, would probably have some support from the public, the armed forces, and those political groups represented by the Nationalists and the Communists. However, such action would probably cause the Moslem representatives in the cabinet and their parties in Parliament to withdraw their support of the government, thus precipitating its overthrow. It is probable therefore that only limited military action will be taken against the dissident groups in general while attempts to negotiate an agreement with the Darul Islam may be made in order to mollify the Masjumi opposition.

b. The present government will avoid taking decisive steps to resolve the controversial issue of reorganization and modernization of the armed forces. Any sweeping changes in the armed forces command, particularly if they involved appointing Communists or Communist sympathizers, would probably be strongly opposed by the bulk of the armed forces and the National Police Mobile Brigade. It is probable, however, that the government will attempt to make gradual changes in the leadership of the armed forces and will probably be successful in weakening opposition elements therein.

c. Although implementation of the election law is promised by the cabinet, we believe that mid-1955 is the earliest date that the election could be held. Attempts will probably be made during the tenure of this government to establish control of the election machinery to enhance the prospects of government parties in the elections.

15. We believe that the present cabinet will remain in office for at least six months. The opposition in Parliament does not have sufficient strength to defeat the cabinet, particularly so long as the Communists continue to support the cabinet. The opposition is in a particularly difficult position because it has supported a similar program and where it does disagree with the cabinet, it is advocating policies which have little popular support, i.e., measures to attract foreign investment and increase economic austerity.

16. However, as time passes, the tenure of the cabinet will become considerably more uncertain because:

a. The pro-Communist inclination of certain members of the cabinet — and the tendency they will have to place their supporters in key positions in the bureaucracy, the armed forces, and the police — will probably aid the anti-Communist opposition in its present efforts to solidify and may cause conservative members of groups now represented in the government to recognize more clearly the Communist danger. Internal dissension in the cabinet, a split in a government party, or an adverse vote in the Parliament might then cause the government to fall. It is also possible that a coup might be undertaken by opposition elements in the bureaucracy and in the armed forces.

b. The present cabinet must sooner or later cope with controversial issues such as economic problems, internal security, foreign policy, and army reorganization. In view of its slim majority in Parliament, the government will run the risk of incurring an adverse vote which could cause its fall any time it seeks to deal with these issues. Moreover, prolonged inaction in handling these issues would probably also lead to the fall of the cabinet.

c. Indonesia's economy is in precarious condition at present. Either through inexperience or leftist pressure, the present government might not deal effectively with developing economic problems. Failure to halt adverse economic trends could cause the fall of the government.

17. As long as the present cabinet remains in power, the Communists will be in a position gradually to increase their influence. They will continue their attempts to strengthen their position by (a) increasing their influence in the Nationalist and other parties represented in the cabinet; (b) placing Communists and Communist sympathizers in important positions in the various ministries and in the armed forces; and (c) improving their chances for popular support in the forthcoming elections. The Communists will be able to exert considerable influence over the cabinet because of the latter's dependence on Communist support in Parliament. However, we do not believe that through such measures the Communists will be able to gain control over the government during the expected life of this cabinet. On the other hand, if this cabinet remains in power for an extended period of time, the Communists may ultimately be in a position to dominate Indonesia.

18. On the basis of present indications, we believe that the Communists will increase their influence in Indonesia as a result of the tenure of the present cabinet; we do not believe that during the next twelve months they will achieve a dominating position either through armed force or political action.[4]

[4] The Special Assistant for Intelligence, Department of State, considers both the scope of this estimate and the evidence presented insufficient to permit the assessment here made of Communist capabilities in Indonesia over a twelve-months' period. The Special Assistant considers the following assessment of Communist capabilities in Indonesia to be more in accord with the subject and scope of the present estimate:

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